



Kreye, Joseph

From: Stegall, Jennifer
Sent: Wednesday, May 04, 2005 8:53 AM
To: Kreye, Joseph
Cc: Gates-Hendrix, Sherrie; Toftness, Jennifer
Subject: FW: Operation Iraqi Freedom

Hi Joe,

Senator Roessler would like to extend the interest abatement allowed for people serving in support of Operation Iraqi Freedom. Senator Roessler has agreed to the suggested date below, January 1, 2007. This should be included in the draft that is attached and the draft can be changed from a preliminary draft to a regular draft.

Thanks for your help!

Jennifer

Jennifer Stegall
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Stegall,
Jennifer.vcf

From: Gates-Hendrix, Sherrie
Sent: Friday, April 29, 2005 1:11 PM
To: Sen.Roessler; Rep.Kerkman
Cc: Stegall, Jennifer; Toftness, Jennifer
Subject: FW: Operation Iraqi Freedom

Hi all--

Here is the information we talked about last week regarding an addition to the taxpayer friendly bill to extend a provision in current law that expired at the end of 2004. That provision allowed an interest abatement for people serving in support of Operation Iraqi Freedom if they do not pay their income taxes by the annual April 15 deadline.

This interest abatement provision appears in statute below. A provision extending this interest abatement could be added to the taxpayer friendly bill (LRB 2029/P2 attached below) by changing "before January 1, 2005" to the date you desire. This is not tied to a federal provision, it is a stand-alone Wisconsin law. So any date you choose to extend it to would be workable. Perhaps January 1, 2007?

Current Law 71.03(7)(d)

(d) For taxable years beginning after December 31, 2002, and before January 1, 2005, for persons who served in support of Operation Iraqi Freedom or an operation that is a successor to Operation Iraqi Freedom in the United States, or for persons who qualify for a federal extension of time to file under 26 USC 7508, who served outside the United States because of their participation in Operation Iraqi Freedom or an operation that is a successor to Operation Iraqi Freedom in the Iraqi Freedom theater of operations.

I apologize for the delay in getting this to you. Please let me know if you need any more information on this proposal.

Thanks again

Sherrie

Sherrie Gates-Hendrix

DOR Legislative Liaison

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Taxpayer Friendly Bill -- LRB 2029/P2:



05-2029P2.pdf



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-2029/P2

JK:jld:jf

RMR

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

Today 5-4-05

re go

1 AN ACT *to repeal* 71.07 (5d) (c) 3.; *to renumber* 72.23; *to renumber and amend*
2 77.59 (4) (c); *to amend* 50.14 (4), 70.07 (6), 70.075 (6), 71.03 (6) (a), 71.03 (8) (b),
3 71.10 (6) (a), 71.10 (6) (b), 71.10 (6m) (a), 71.63 (3) (c), 71.65 (5) (a) 1., 71.80 (18),
4 71.88 (2) (b), 73.01 (4) (a), 77.59 (5), 77.61 (14), 78.22 (4), 110.20 (8) (e), 139.03
5 (2x) (d), 139.05 (2a), 139.315 (4), 139.38 (5) and 560.205 (3) (d); and *to create*
6 71.01 (7n), 71.10 (6) (e), 71.10 (6m) (c), 71.22 (5m), 71.34 (1m), 71.42 (2m), 71.65
7 (3) (h), 72.23 (2), 73.13, 78.39 (5d), 78.39 (5m) and 139.75 (9m) of the statutes;
8 **relating to:** appealing a determination by the board of assessors, claiming
9 angel and early stage investment tax credits, employers who must withhold
10 state income taxes, eliminating the requirement that the Department of
11 Revenue audit the records of contractors who perform emissions inspections,
12 the liability of married persons filing a joint income tax return, the payment of
13 the alternate fuel tax and the tobacco products tax, estate tax interest, qualified
14 retirement systems, reducing nondelinquent taxes, extending the time for
15 filing a tax reconciliation report, delivering tax-related documents and related

benefits to persons serving in Operation Iraqi Freedom,

- 1 payments, appeal of redetermination of earned income tax credits, granting
2 rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

PROPERTY TAXES

Under current law, a person who owns property in a first class city or in certain second class cities and who wants to appeal his or her property tax assessment, must first appeal the assessment to the city assessor. The city assessor reviews the appeal and makes a recommendation to the board of assessors. The board of assessors considers the city assessor's recommendation and, ultimately, notifies the property owner of the board's determination regarding the property owner's appeal. The property owner may appeal the determination of the board of assessors to the board of review by providing a notice of appeal to the commissioner of assessments within ten days. Current law, however, is not clear as to whether the notice to appeal to the board of review is due within ten days from the date that the board of assessors issues its determination or from the date that the property owner receives the determination of the board of assessors.

This bill specifies that a property owner may appeal the determination of the board of assessors to the board of review by providing a notice of appeal to the commissioner of assessments within 15 days from the date that the board of assessors issues its determination.

REDUCING TAXES

Under current law, any taxpayer may petition the Department of Revenue (DOR) to reduce delinquent taxes, including any applicable costs, penalties, and interest. If DOR determines that the taxpayer is unable to pay in full the amount due, based on an examination of the taxpayer under oath, the taxpayer's financial statements, and any other information required by DOR, DOR determines the amount that the taxpayer is able to pay and then enters an order reducing the taxes, costs, penalties, and interest owed by the taxpayer.

If within three years from either the date on which DOR enters the order that reduces the taxpayer's taxes or the date of the final payment according to a payment schedule determined by DOR, whichever is later, DOR determines that the taxpayer has an income or owns property that is sufficient to enable the taxpayer to pay the remainder of the original delinquent taxes, including costs, penalties, and interest, DOR must reopen the order and order the payment in full of such taxes, costs, penalties, and interest.

This bill expands current law so that DOR is authorized to reduce any taxes, costs, penalties, and interest that are due from a taxpayer, regardless of whether the taxes, costs, penalties, and interest are delinquent.

INCOME AND FRANCHISE TAXES

Under current law, spouses that file a joint income tax return are both liable for the payment of any tax related to that return. However, DOR may relieve a person

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of any tax liability related to a joint return, in a manner specified by the Internal Revenue Code (IRC) and adopted by this state. Generally, DOR may relieve a person of any tax liability related to a joint return if the person's spouse did not notify the person of any tax liability or understatement of taxes related to the joint return. This bill corrects an outdated reference to the sections of the Internal Revenue Code that relate to a spouse's tax liability for a joint income tax return. The bill also requires a spouse to apply for relief from tax liability within two years from the date on which DOR begins collection activities on the spouse's tax liability or within two years from the effective date of the provision, whichever is later.

Under current law, a person may claim an individual income tax credit equal to 12.5 percent of the person's investment in a qualified new business venture, as certified by the Department of Commerce. Current law refers to this investment as a "bona fide angel investment." In addition, a person may claim an income or franchise tax credit equal to 25 percent of the amount that the person pays to a fund manager who invests the amount in a qualified new business venture, as certified by the Department of Commerce. Current law refers to this investment as an "early stage seed investment."

Under current law, a person who claims the bona fide angel investment credit and who is not a resident of this state or who is a part-year resident of this state must prorate the amount of the bona fide angel investment credit based on his or her Wisconsin adjusted gross income as compared to his or her federal adjusted gross income. Nonresidents and part-year residents who claim the early stage seed investment credit, however, are not required to prorate the amount of the credit. This bill eliminates the requirement that nonresidents and part-year residents prorate the bona fide angel investment credit.

Under current law, the Department of Commerce must promulgate rules to limit the aggregate amount of bona fide angel investment credits to \$3,000,000 per taxable year and the aggregate amount of early stage seed investment credits to \$3,500,000 per taxable year. Under the bill, the Department of Commerce must promulgate rules to limit the aggregate amount of bona fide angel investment credits to \$3,000,000 per calendar year and the aggregate amount of early stage seed investment credits to \$3,500,000 per calendar year.

Under current law, every employer must withhold state income taxes from the pay of each employee and remit the taxes to DOR. In the case of a single-owner entity that is disregarded as a separate entity under the Internal Revenue Code, the owner of the entity is considered to be the employer for purposes of withholding and remitting state income taxes. In addition, an employer must file a tax reconciliation report with DOR on an annual basis. Under current law, DOR cannot grant an extension for filing the report.

Under this bill, the owner of a single-owner entity that is disregarded as a separate entity under IRC is considered to be the employer for purposes of withholding and remitting state income taxes, unless the entity has elected to be an employer for the purpose of withholding federal income taxes. This bill also allows DOR to grant a 30-day extension for filing an annual reconciliation report.

This bill clarifies that a qualified retirement fund for federal income tax purposes is a qualified retirement fund for state income tax purposes.

SALES AND USE TAXES

Under current law, if a seller makes a claim for a refund of sales taxes or use taxes and the claim is honored, the seller is required to pass along the refund and related interest to the buyers and to submit to DOR the portion of the refund that could not be passed on, along with a penalty. Under current law, if a seller receives a sales or use tax refund as the result of an audit, the seller is not required to submit the refund and related interest to the buyers. Also, a seller is not required to submit to the buyers sales or use taxes that are collected erroneously.

This bill requires a seller who receives any refund of sales or use taxes, or who collects sales or use taxes erroneously, to submit such a refund or taxes to the buyer, or to DOR if the buyer cannot be located, within 90 days after receiving a refund or after discovering that the seller has collected taxes erroneously. Any portion of a refund or taxes not submitted to the buyer, or to DOR if the buyer cannot be located, within that 90 days must be submitted to DOR, along with a penalty.

OTHER TAXATION

Under current law, an estate tax that is not paid on the date on which it is due is subject to interest at the rate of 12 percent a year from the date of the decedent's death. Under the bill, DOR may waive the interest imposed on any additional estate taxes that arise from the discovery of property omitted in the inventory of the estate's total assets or in the original tax determination, if due diligence was exercised in determining the assets.

Under current law, generally, a tax-related document or payment that DOR must receive by a specified date is timely received, if the document or payment is mailed in a properly addressed envelope; the sender pays the postage; the envelope is postmarked on the day that the document or payment is due; and the document or payment is received within five days from the date on which the document or payment is due.

Under this bill, mailing a tax-related document or payment includes using a delivery service that has been approved by the Internal Revenue Service, for federal tax purposes.

Under current law, a person may appeal DOR's redetermination of various tax credits without paying a \$25 filing fee. Under this bill, a person may appeal DOR's redetermination of an earned income tax credit without paying the filing fee.

This bill eliminates the requirement that the DOR audit the records of persons who perform emissions inspections under a contract with the Department of Transportation.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 50.14 (4) of the statutes is amended to read:

2 50.14 (4) Sections 77.59 (1) to ~~(5)~~ (5m), (6) (intro.), (a) and (c) and (7) to (10),
3 77.60 (1) to (7), (9) and (10), 77.61 (9) and (12) to (14) and 77.62, as they apply to the
4 taxes under subch. III of ch. 77, apply to the assessment under this section, except
5 that the amount of any assessment collected under s. 77.59 (7) in excess of
6 \$14,300,000 in fiscal year 2003–04, in excess of \$13,800,000 in fiscal year 2004–05,
7 and, beginning July 1, 2005, in excess of ~~45%~~ 45 percent in each fiscal year shall be
8 deposited in the Medical Assistance trust fund.

9 **SECTION 2.** 70.07 (6) of the statutes is amended to read:

10 70.07 (6) The board of assessors shall remain in session until all corrections
11 and changes have been made, including all those resulting from investigations by
12 committees of objections to valuations filed with the commissioner of assessments
13 as provided in this subsection, after which the commissioner of assessments shall
14 prepare the assessment rolls as corrected by the board of assessors and submit them
15 to the board of review not later than the 2nd Monday in October. The person
16 assessed, having been notified of the determination of the board of assessors as
17 required in sub. (4), shall be deemed to have accepted the determination unless the
18 person notifies the commissioner of assessments in writing, within ~~10~~ 15 days from
19 the date that the notice of determination was issued under sub. (4), of the desire to
20 present testimony before the board of review. After the board of review has met, the
21 commissioner of assessments may appoint committees of the board of assessors to
22 investigate any objections to the amount or valuation of any real or personal property
23 which have been filed with the commissioner of assessments. The committees may
24 at the direction of the commissioner of assessments report their investigation and

1 recommendations to the board of review and any member of any such committee
2 shall be a competent witness in any hearing before the board of review.

3 **SECTION 3.** 70.075 (6) of the statutes is amended to read:

4 70.075 (6) The board of assessors shall remain in session until all corrections
5 and changes have been made, including all those resulting from investigations by
6 committees of objections to valuations filed with the city assessor as provided in this
7 section, after which the city assessor shall prepare the assessment rolls as corrected
8 by the board of assessors and submit them to the board of review not later than the
9 last Monday in July. A person assessed who has been notified of the determination
10 of the board of assessors as required in sub. (4) is deemed to have accepted such
11 determination unless the person notifies the city assessor in writing, within ~~10~~ 15
12 days from the date that the notice of determination was issued under sub. (4), of a
13 desire to present testimony before the board of review. After the board of review
14 meets, the city assessor may appoint committees of the board of assessors to
15 investigate any objections to the amount or valuation of any real or personal property
16 which are referred to the city assessor by the board of review. The committees so
17 appointed may at the city assessor's direction report their investigation and
18 recommendations to the board of review and any member of any such committee
19 shall be a competent witness in any hearing before the board of review.

20 **SECTION 4.** 71.01 (7n) of the statutes is created to read:

21 71.01 (7n) Notwithstanding sub. (6), a qualified retirement fund for a taxable
22 year for federal income tax purposes is a qualified retirement fund for the taxable
23 year for purposes of this subchapter.

24 **SECTION 5.** 71.03 (6) (a) of the statutes is amended to read:

1 71.03 (6) (a) Reports required under this section shall be made on or before
2 April 15, or April 30 if the person files an electronic return, following the close of a
3 year referred to in sub. (2) (a), or if such person's fiscal year is other than the calendar
4 year then on or before the 15th day, or the last day if the person files an electronic
5 return, of the 4th month following the close of such fiscal year, or if the return is for
6 less than a full taxable year on the date applicable for federal income taxes under the
7 internal-revenue-code Internal Revenue Code, to the department of revenue, in the
8 manner and form prescribed by the department of revenue, whether notified to do
9 so or not. Such persons shall be subject to the same penalties for failure to report as
10 those who receive notice. If the taxpayer is unable to make his or her own return,
11 the return shall be made by a duly authorized agent or by the guardian or other
12 person charged with the care of the person or property of such taxpayer.

13 **SECTION 6.** 71.03 (8) (b) of the statutes is amended to read:

14 71.03 (8) (b) The final payment of taxes on incomes of persons other than
15 corporations who file on a calendar year basis shall be made on or before April 15,
16 or April 30 if the person files an electronic return, following the close of the calendar
17 year, except for persons electing to have the department compute their tax under sub.
18 (4). If the return of a person other than a corporation is made on the basis of a fiscal
19 year, such final payment shall be made on or before the 15th day, or the last day if
20 the person files an electronic return, of the 4th month following the close of such fiscal
21 year, except for persons electing to have the department compute their tax under sub.
22 (4).

23 **SECTION 7.** 71.07 (5d) (c) 3. of the statutes is repealed.

24 **SECTION 8.** 71.10 (6) (a) of the statutes is amended to read:

1 71.10 (6) (a) *Joint returns.* Persons filing a joint return are jointly and severally
2 liable for the tax, interest, penalties, fees, additions to tax and additional
3 assessments under this chapter applicable to the return. A person shall be relieved
4 of liability in regard to a joint return in the manner specified in section ~~6013 (e)~~ 6015
5 (a) to (d) and (f) of the internal revenue code, notwithstanding the amount or
6 percentage of the understatement Internal Revenue Code.

7 **SECTION 9.** 71.10 (6) (b) of the statutes is amended to read:

8 71.10 (6) (b) *Separate returns.* A spouse filing a separate return may be
9 relieved of liability for the tax, interest, penalties, fees, additions to tax and
10 additional assessments under this chapter ~~with regard to unreported marital~~
11 ~~property income~~ in the manner specified in section 66 (c) of the ~~internal revenue code~~
12 Internal Revenue Code. The department may not apply ch. 766 in assessing a
13 taxpayer with respect to marital property income the taxpayer did not report if that
14 taxpayer failed to notify the taxpayer's spouse about the amount and nature of the
15 income before the due date, including extensions, for filing the return for the taxable
16 year in which the income was derived. The department shall include all of that
17 marital property income in the gross income of the taxpayer and exclude all of that
18 marital property income from the gross income of the taxpayer's spouse.

19 **SECTION 10.** 71.10 (6) (e) of the statutes is created to read:

20 71.10 (6) (e) *Application for relief.* A person who seeks relief from liability
21 under par. (a) or (b) shall apply for relief with the department, on a form prescribed
22 by the department, within 2 years after the date on which the department first
23 begins collection activities after the effective date of this paragraph [revisor
24 inserts date].

25 **SECTION 11.** 71.10 (6m) (a) of the statutes is amended to read:

1 71.10 (6m) (a) A formerly married or remarried person filing a return for a
2 period during which the person was married may be relieved of liability for the tax,
3 interest, penalties, fees, additions to tax and additional assessments under this
4 chapter ~~for unreported marital property income~~ from that period as if the person
5 were a spouse under section 66 (c) of the ~~internal revenue code~~ Internal Revenue
6 Code. The department may not apply ch. 766 in assessing the former spouse of the
7 person with respect to marital property income that the former spouse did not report
8 if that former spouse failed to notify the person about the amount and nature of the
9 income before the due date, including extensions, for filing the return for the taxable
10 year during which the income was derived. The department shall include all of that
11 marital property income in the gross income of the former spouse and exclude all of
12 that marital property income from the gross income of the person.

13 **SECTION 12.** 71.10 (6m) (c) of the statutes is created to read:

14 71.10 (6m) (c) A person who seeks relief from liability under par. (a) shall apply
15 for relief with the department as provided under sub. (6) (e).

16 **SECTION 13.** 71.22 (5m) of the statutes is created to read:

17 71.22 (5m) Notwithstanding subs. (4) and (4m), a qualified retirement fund for
18 a taxable year for federal income tax purposes is a qualified retirement fund for the
19 taxable year for purposes of this subchapter.

20 **SECTION 14.** 71.34 (1m) of the statutes is created to read:

21 71.34 (1m) Notwithstanding sub. (1g), a qualified retirement fund for a taxable
22 year for federal income tax purposes is a qualified retirement fund for the taxable
23 year for purposes of this subchapter.

24 **SECTION 15.** 71.42 (2m) of the statutes is created to read:

1 71.42 (2m) Notwithstanding sub. (2), a qualified retirement fund for a taxable
2 year for federal income tax purposes is a qualified retirement fund for the taxable
3 year for purposes of this subchapter.

4 **SECTION 16.** 71.63 (3) (c) of the statutes is amended to read:

5 71.63 (3) (c) In regard to a single-owner entity that is disregarded as a separate
6 entity under section 7701 of the Internal Revenue Code, the owner, not the entity, is
7 an “employer”, except that, if the entity elects to be an employer for federal
8 withholding tax purposes, the entity is the employer for purposes of this subchapter.

9 **SECTION 17.** 71.65 (3) (h) of the statutes is created to read:

10 71.65 (3) (h) If a single-owner entity that is disregarded as a separate entity
11 under section 7701 of the Internal Revenue Code is an employer subject to
12 withholding under this subchapter and if the entity does not deduct, withhold,
13 report, and deposit the tax as required under this subchapter, the owner of the
14 single-owner entity is liable for any tax, interest, and penalties due under this
15 subchapter.

16 **SECTION 18.** 71.65 (5) (a) 1. of the statutes is amended to read:

17 71.65 (5) (a) 1. Thirty days for filing a wage statement under sub. (1) or an
18 annual reconciliation report under sub. (3) (a) or (d).

19 **SECTION 19.** 71.80 (18) of the statutes is amended to read:

20 71.80 (18) **TIMELY FILING DEFINED.** Documents and payments required or
21 permitted by this chapter that are mailed shall be considered furnished, reported,
22 filed or made on time, if mailed in a properly addressed envelope, with postage duly
23 prepaid, which envelope is postmarked, or marked or recorded electronically as
24 provided under section 7502 (f) (2) (c) of the Internal Revenue Code, before midnight
25 of the date prescribed for such furnishing, reporting, filing or making, provided such

1 document or payment is actually received by the department or at the destination
2 that the department or the department of administration prescribes within 5 days
3 of such prescribed date. Documents and payments that are not mailed are timely if
4 they are received on or before the due date by the department or at the destination
5 that the department or the department of administration prescribes. For purposes
6 of this subsection, “mailed” includes delivery by a delivery service designated under
7 section 7502 (f) of the Internal Revenue Code.

8 **SECTION 20.** 71.88 (2) (b) of the statutes is amended to read:

9 71.88 (2) (b) *Appeal of department’s redetermination of credits.* Any person
10 aggrieved by the department of revenue’s redetermination of a credit under s. 71.07
11 (3m) or, (6), or (9e), 71.28 (1) or (2m) or 71.47 (1) or (2m) or subch. VIII or IX, except
12 when the denial is based upon late filing of claim for credit or is based upon a
13 redetermination under s. 71.55 (8) of rent constituting property taxes accrued as at
14 arm’s length, may appeal the redetermination to the tax appeals commission by
15 filing a petition with the commission within 60 days after the redetermination, as
16 provided under s. 73.01 (5) with respect to income or franchise tax cases, and review
17 of the commission’s decision may be had under s. 73.015. For appeals brought under
18 this paragraph, the filing fee required under s. 73.01 (5) (a) does not apply.

19 **SECTION 21.** 72.23 of the statutes is renumbered 72.23 (1).

20 **SECTION 22.** 72.23 (2) of the statutes is created to read:

21 72.23 (2) The department or circuit court may waive interest on any additional
22 tax arising from the discovery of property omitted in the inventory of total assets or
23 in the original tax determination, if due diligence was exercised in determining the
24 assets.

25 **SECTION 23.** 73.01 (4) (a) of the statutes is amended to read:

73.01 (4) (a) Subject to the provisions for judicial review contained in s. 73.015, the commission shall be the final authority for the hearing and determination of all questions of law and fact arising under sub. (5) and s. 72.86 (4), 1985 stats., and ss. 70.38 (4) (a), 70.397, 70.64, and 70.995 (8), s. 76.38 (12) (a), 1993 stats., ss. 76.39 (4) (c), 76.48 (6), 76.91, 77.26 (3), 77.59 (5m) and (6) (b), 78.01, 78.22, 78.40, 78.555, 139.02, 139.03, 139.06, 139.31, 139.315, 139.33, 139.76, 139.78, 341.405, and 341.45, subch. XIV of ch. 71, and subch. VII of ch. 77. Whenever with respect to a pending appeal there is filed with the commission a stipulation signed by the department of revenue and the adverse party, under s. 73.03 (25), or the department of transportation and the adverse party agreeing to an affirmance, modification, or reversal of the department of revenue's or department of transportation's position with respect to some or all of the issues raised in the appeal, the commission shall enter an order affirming or modifying in whole or in part, or canceling the assessment appealed from, or allowing in whole or in part or denying the petitioner's refund claim, as the case may be, pursuant to and in accordance with the stipulation filed. No responsibility shall devolve upon the commission, respecting the signing of an order of dismissal as to any pending appeal settled by the department of revenue or the department of transportation without the approval of the commission.

SECTION 24. 73.13 of the statutes is created to read:

73.13 Reducing nondelinquent taxes. (1) In this section:

(a) "Department" means the department of revenue.

(b) "Tax" means an amount that is owed to this state under s. 66.0615 (1m) (f) 3. or ch. 71, 72, 76, 77, 78, or 139, and that is not delinquent.

(2) (a) A taxpayer may petition the department to reduce the taxpayer's taxes, including the costs, penalties, and interest related to the taxpayer's taxes. The

1 petition shall set forth a sworn statement of the taxpayer and shall be in a form that
2 the department prescribes. The department may examine the taxpayer under oath
3 about the petition and may require the taxpayer to provide the department with
4 financial statements and any other information requested by the department that
5 is related to the petition.

6 (b) If the department determines that the taxpayer is unable to pay the taxes,
7 costs, penalties, and interest in full, the department shall determine the amount that
8 the taxpayer is able to pay and shall enter an order reducing the taxes in accordance
9 with the department's determination. The order shall provide either that the order
10 is effective only if the reduced taxes are paid in full within 10 days from the date on
11 which the order is issued or that the order is effective only if the reduced taxes are
12 paid according to a payment schedule that the department determines. The
13 department or its collection agents, upon receipt of the order, shall accept payment
14 in accordance with the order. Upon payment of the reduced taxes, the department
15 shall credit the unpaid portion of the principal amount of the taxes and record the
16 unpaid amount of costs, penalties, and interest accrued to the date of the order.

17 (c) If within 3 years from either the date of the order under par. (b) or the date
18 of the final payment according to a payment schedule as determined under par. (b),
19 whichever is later, the department ascertains that the taxpayer has an income or
20 owns property sufficient to enable the taxpayer to pay the unpaid portion of the
21 principal amount of the taxes due, including the costs, penalties, and interest
22 recorded under par. (b), the department shall reopen the order under par. (b) and
23 order the taxpayer to pay in full the unpaid portion of the principal amount of the
24 taxes due, including the costs, penalties, and interest recorded under par. (b). Before
25 the entry of the order for payment, the department shall send a written notice to the

1 taxpayer, by certified mail, advising the taxpayer of the department's intention to
2 reopen the order under par. (b) and fixing a time and place for the appearance of the
3 taxpayer, if the taxpayer desires a hearing. If the department determines that the
4 taxpayer is able to pay the unpaid portion of the principal amount of the taxes due,
5 including the costs, penalties, and interest recorded under par. (b), the department
6 shall enter the order for payment in full. The unpaid portion of the principal amount
7 of the taxes due, including the costs, penalties, and interest recorded under par. (b),
8 shall be due and payable immediately upon entry of the order for payment in full and
9 shall thereafter be subject to the interest under s. 71.82 (2), as that subsection
10 applies to delinquent income and franchise taxes under s. 71.82, and to the
11 delinquent account fee under s. 73.03 (33m).

12 **SECTION 25.** 77.59 (4) (c) of the statutes is renumbered 77.59 (5m) and amended
13 to read:

14 77.59 (5m) A seller who receives a refund ~~under par. (a) or (b)~~ of taxes that the
15 seller has collected from buyers, who collects amounts as taxes erroneously from
16 buyers, or who is entitled to a refund that is offset under sub. (5), shall return submit
17 the taxes and related interest to the buyers from whom the taxes were collected. The,
18 or to the department if the seller cannot locate the buyers, within 90 days after the
19 date of the refund, after the date of the offset, or after discovering that the seller has
20 collected taxes erroneously from the buyers. If the seller does not submit the taxes
21 and related interest to the department or the buyers within that period, the seller
22 shall return submit to the department any part of a refund or taxes that the seller
23 does not return submit to a buyer or to the department along with a penalty of 25%
24 of the amount not returned or submitted or, in the case of fraud, a penalty equal to
25 the amount not returned in the case of fraud submitted. A person who collects

1 amounts as taxes erroneously from buyers for a real property construction activity
2 or nontaxable service may reduce the taxes and interest that he or she is required
3 to submit to the buyer or to the department under this subsection for that activity
4 or service by the amount of tax and interest subsequently due and paid on the sale
5 of or the storage, use, or other consumption of tangible personal property that is used
6 by the person in that activity or service and transferred to the buyer.

7 **SECTION 26.** 77.59 (5) of the statutes is amended to read:

8 77.59 (5) The department may offset the amount of any refund for a period,
9 together with interest on the refund, against deficiencies for another period, and
10 against penalties and interest on the deficiencies, or against any amount of whatever
11 kind, due and owing on the books of the department from the person claiming who
12 is entitled to the refund. If the refund is to be paid to a buyer, the department may
13 also set off amounts in the manner in which it sets off income tax and franchise tax
14 refunds under s. 71.93 and may set off amounts for child support or maintenance or
15 both in the manner in which it sets off income taxes under ss. 49.855 and 71.93 (3),
16 (6) and (7).

17 **SECTION 27.** 77.61 (14) of the statutes is amended to read:

18 77.61 (14) Documents and payments required or permitted under this
19 subchapter that are mailed are timely furnished, filed or made if they are mailed in
20 a properly addressed envelope with the postage duly prepaid, if the envelope is
21 postmarked, or marked or recorded electronically as provided under section 7502 (f)
22 (2) (c) of the Internal Revenue Code, before midnight of the due date and if the
23 document or payment is received by the department, or at the destination that the
24 department prescribes, within 5 days after the prescribed date. Documents and
25 payments that are not mailed are timely if they are received on or before the due date

1 by the department or at the destination that the department designates. For
2 purposes of this subsection, “mailed” includes delivery by a delivery service
3 designated under section 7502 (f) of the Internal Revenue Code.

4 **SECTION 28.** 78.22 (4) of the statutes is amended to read:

5 78.22 (4) LATE FILING FEE. Any person who fails to file a motor vehicle fuel floor
6 tax return when due shall pay a late filing fee of \$10. A return that is mailed is filed
7 in time if it is mailed in a properly addressed envelope with 1st-class postage duly
8 prepaid and the envelope is officially postmarked, or marked or recorded
9 electronically as provided under section 7502 (f) (2) (c) of the Internal Revenue Code,
10 on the date due and the return is actually received by the department or at the
11 destination that the department prescribes within 5 days of the due date. A return
12 that is not mailed is timely if it is received on or before the due date by the department
13 or at the destination that the department prescribes. For purposes of this subsection,
14 “mailed” includes delivery by a delivery service designated under section 7502 (f) of
15 the Internal Revenue Code.

16 **SECTION 29.** 78.39 (5d) of the statutes is created to read:

17 78.39 (5d) “Pay” has the meaning given in s. 78.005 (13b).

18 **SECTION 30.** 78.39 (5m) of the statutes is created to read:

19 78.39 (5m) “Sign” has the meaning given in s. 78.005 (13r).

20 **SECTION 31.** 110.20 (8) (e) of the statutes is amended to read:

21 110.20 (8) (e) The contractor shall collect, maintain and report data as the
22 department requires. The department shall reserve the right to enter and inspect
23 test station premises, equipment and records at all reasonable times in the discharge
24 of its administrative duties. ~~The department of revenue shall audit the records of~~

1 ~~the contractor annually and shall provide for the publication of the results of audits~~
2 ~~conducted under this paragraph in the official state newspaper.~~

3 **SECTION 32.** 139.03 (2x) (d) of the statutes is amended to read:

4 139.03 (2x) (d) *Late filing fee.* Any person who fails to file a floor tax return
5 when due shall pay a late filing fee of \$10. A return that is mailed shall be considered
6 filed in time if it is mailed in a properly addressed envelope with 1st-class postage
7 duly prepaid, if the envelope is officially postmarked, or marked or recorded
8 electronically as provided under section 7502 (f) (2) (c) of the Internal Revenue Code,
9 on the date due and if the return is actually received by the department or at the
10 destination that the department prescribes within 5 days of the due date. A return
11 that is not mailed is timely if it is received on or before the due date by the department
12 or at the destination that the department prescribes. For purposes of this paragraph,
13 “mailed” includes delivery by a delivery service designated under section 7502 (f) of
14 the Internal Revenue Code.

15 **SECTION 33.** 139.05 (2a) of the statutes is amended to read:

16 139.05 (2a) The payments and returns under subs. (1) and (2) that are mailed
17 are furnished, filed or made on time, and payments therein referred to are timely, if
18 mailed in a properly addressed envelope, with first-class postage duly prepaid, which
19 envelope is officially postmarked, or marked or recorded electronically as provided
20 under section 7502 (f) (2) (c) of the Internal Revenue Code, before midnight on the
21 date prescribed for such furnishing, filing or making of such payment, provided such
22 statement, return or payment is actually received by the secretary of revenue or at
23 the destination that the department prescribes within 5 days of the prescribed date.
24 Payments and returns that are not mailed are timely if they are received on or before
25 the due date by the department or at the destination that the department prescribes.

1 For purposes of this subsection, “mailed” includes delivery by a delivery service
2 designated under section 7502 (f) of the Internal Revenue Code.

3 **SECTION 34.** 139.315 (4) of the statutes is amended to read:

4 139.315 (4) LATE FILING FEE. Any person who fails to file a cigarette inventory
5 tax return when due shall pay a late filing fee of \$10. A return that is mailed is timely
6 if it is mailed in a properly addressed envelope with 1st class postage prepaid, if the
7 envelope is postmarked, or marked or recorded electronically as provided under
8 section 7502 (f) (2) (c) of the Internal Revenue Code, on the due date and if the return
9 is actually received by the department or at the destination that the department
10 prescribes within 5 days of the due date. A return that is not mailed is timely if it
11 is received on or before the due date by the department or at the destination that the
12 department prescribes. For purposes of this subsection, “mailed” includes delivery
13 by a delivery service designated under section 7502 (f) of the Internal Revenue Code.

14 **SECTION 35.** 139.38 (5) of the statutes is amended to read:

15 139.38 (5) If any permittee fails to file a report when due the permittee shall
16 be required to pay a late filing fee of \$10. A report that is mailed is filed in time if
17 it is mailed in a properly addressed envelope with first-class postage duly prepaid,
18 which envelope is officially postmarked, or marked or recorded electronically as
19 provided under section 7502 (f) (2) (c) of the Internal Revenue Code, on the date due,
20 and if the report is actually received by the secretary or at the destination that the
21 department prescribes within 5 days of the due date. A report that is not mailed is
22 timely if it is received on or before the due date by the secretary or at the destination
23 that the department prescribes. For purposes of this subsection, “mailed” includes
24 delivery by a delivery service designated under section 7502 (f) of the Internal
25 Revenue Code.

1 **SECTION 36.** 139.75 (9m) of the statutes is created to read:

2 139.75 (9m) “Sign” has the meaning given in s. 139.01 (9m).

3 **SECTION 37.** 560.205 (3) (d) of the statutes is amended to read:

4 560.205 (3) (d) *Rules.* The department of commerce, in consultation with the
5 department of revenue, shall promulgate rules to administer this section. The rules
6 shall further define “bona fide angel investment” for purposes of s. 71.07 (5d) (a) 1.
7 The rules shall limit the aggregate amount of tax credits under s. 71.07 (5d) that may
8 be claimed for investments in businesses certified under sub. (1) at \$3,000,000 per
9 taxable year for taxable years beginning after December 31, 2004. The rules shall
10 also limit the aggregate amount of the tax credits under ss. 71.07 (5b), 71.28 (5b), and
11 71.47 (5b) that may be claimed for investments paid to fund managers certified under
12 sub. (2) at \$3,500,000 per taxable year for taxable years beginning after December
13 31, 2004.

14 **SECTION 38. Initial applicability.**

15 (1) NOTICE OF APPEAL. The treatment of sections 70.07 (6) and 70.075 (6) of the
16 statutes first applies to the property tax assessments as of January 1, 2005.

17 (2) INVESTMENT CREDITS. The treatment of sections 71.07 (5d) (c) 3. and 560.205
18 (3) (d) of the statutes first applies to taxable years beginning on January 1, 2005.

19 (3) REFUNDS AND TAXES COLLECTED ERRONEOUSLY. The treatment of sections 50.14
20 (4), 73.01 (4) (a), and 77.59 (4) (c) and (5) of the statutes first applies to notices of
21 refunds or notices of amounts due dated, offsets taken, and the discovery of amounts
22 collected erroneously as taxes on the effective date of this subsection even if the
23 notices, offsets, and amounts relate to sales that occurred after August 31, 1994.

(4) **MARRIED PERSONS' TAX LIABILITY.** The treatment of section 71.10 (6) (a) and (b) and (6m) (a) of the statutes first applies to tax liability that arises on the effective date of this subsection or that remains unpaid on the effective date of this subsection.

(5) RECONCILIATION REPORTS. The treatment of section 71.65 (5) (a) 1. of the statutes first applies to reconciliation reports that are due on January 31, 2006.

(6) INCOME TAX FILING DEADLINES FOR ELECTRONIC RETURNS. The treatment of section 71.03 (6) (a) and (8) (b) of the statutes takes effect only if the secretary of revenue issues a written certification to the governor that the federal government has extended the income tax filing deadline for electronically filed individual income tax returns in a way that is similar to the changes made by SECTIONS 5 and 6 of this act.

(7) APPEAL OF REDETERMINATION. The treatment of section 71.88 (2) (b) of the statutes first applies to appeals filed on the effective date of this subsection.

(END)

2029/1
VLC

Insert A

④ Generally, persons^s who serve in support of Operation Iraqi Freedom have been granted an extension of time for filing ^{state and federal income} tax returns. Under current law, persons who serve in support of Operation Iraqi Freedom are not required to pay interest on any unpaid state income taxes^s during the extension period and for taxable years beginning after December 31, 2002, and before January 1, 2005. Under this bill, such persons^s are not required to pay interest on any unpaid state income taxes^s for taxable years beginning ^{after} December 31, 2002, and before January 1, 2007.

Insert 7-12

✓
2007

Section #. 71.03 (7) (d) of the statutes is amended to read:

71.03 (7) (d) For taxable years beginning after December 31, 2002, and before January 1, ~~2005~~ for persons who served in support of Operation Iraqi Freedom or an operation that is a successor to Operation Iraqi Freedom in the United States, or for persons who qualify for a federal extension of time to file under 26 USC 7508, who served outside the United States because of their participation in Operation Iraqi Freedom or an operation that is a successor to Operation Iraqi Freedom in the Iraqi Freedom theater of operations.

1987 a. 312, 411; 1989 a. 31; 1991 a. 3, 39, 269, 301, 305, 315; 1993 a. 16, 112, 204, 213, 491; 1995 a. 255, 428; 1999 a. 9; 2001 a. 23, 102; 2003 a. 83. 1987 a. 312, 411; 1989 a. 31; 1991 a. 3, 39, 269, 301, 305, 315; 1993 a. 16, 112, 204, 213, 491; 1995 a. 255, 428; 1999 a. 9; 2001 a. 23, 102; 2003 a. 83.

end of insert 7-12

Northrop, Lori

From: Stegall, Jennifer
Sent: Wednesday, May 11, 2005 9:57 AM
To: LRB.Legal
Subject: LRB 2029/1

Hi,

Senator Roessler needs the jacket for LRB 2029/1.

Thank you,

Jennifer Stegall
Office of Senator Carol Roessler
608-266-5300/1-888-736-8720
Jennifer.Stegall@legis.state.wi.us



Stegall,
Jennifer.vcf

Barman, Mike

From: Olsen-Hasek, Sonya
Sent: Wednesday, June 08, 2005 4:23 PM
To: Barman, Mike
Cc: LaBelle, Vicky; Boldt, Rebecca A
Subject: SB-218

Mike,

DOR has submitted an FE for this bill, along with a tech memo, that I forwarded to LRB today. It hasn't been made public yet. DOR wants to revise the FE, and I've forgotten if you can send it back to DOA to send back to DOR, or if they need to send in a revised FE. In any case, they do not want the current FE to be made public. Please advise.

Thanks and FYI, I also left this message with the person who answered LRB's phone a few minutes ago.

Sonya Olsen-Hasek
Department of Administration
266-8777

STATE OF WISCONSIN			
To	Mike		
Date	6-8-05	Time	4:17pm
WHILE YOU WERE OUT			
M	Sonya Olsen-Hasek		
of	DOA		
Phone	6-8777		
Telephoned	<input checked="" type="checkbox"/>	Please Call	<input checked="" type="checkbox"/>
Called to See You	<input type="checkbox"/>	Rush	<input type="checkbox"/>
Returned Your Call	<input type="checkbox"/>	Will Call Again	<input type="checkbox"/>
Message	Revenue has submitted a fiscal estimate for SB218 - now want to make sure it is not public - can can it be returned to them or just redone?? sounds like they sent it to us but need to make a change?		

Party Receiving Call

Hope this makes sense

06/09/2005

Fiscal Estimate - 2005 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number 05-2029/1		Introduction Number SB-218
Subject Angel investment credit; property assessment notice; inspection contractor audits; withholding for disregarded entities		
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs		
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts		
Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566(3)(a)		Affected Ch. 20 Appropriations
Agency/Prepared By DOR/ Kirstin Nelson (608) 261-8984	Authorized Signature Rebecca Boldt (608) 266-6785	Date 6/8/2005

Being rewritten
by request of
Sen. Roessler's office
& DOR
06-09-2005

This file
is not to
be "released"

(Senator Roessler)
(Release Date)
06-16-05

Fiscal Estimate Narratives

DOR 6/9/2005

LRB Number	05-2029/1	Introduction Number	SB-218	Estimate Type	Original
Subject					
Angel investment credit; property assessment notice; inspection contractor audits; withholding for disregarded entities					

Assumptions Used in Arriving at Fiscal Estimate

This bill, introduced at the request of the Department of Revenue (DOR), makes the following changes, none of which are expected to have a significant impact on either tax revenues or administrative expenses:

- (1) Restores a provision in current law that expired at the end of 2004 that allowed an interest abatement for people serving in support of Operation Iraqi Freedom who do not pay their taxes by the April 15 deadline. This bill would extend the provision through tax year 2006.
- (2) Allows nonresidents and part-year residents to claim the angel investment credit without prorating the credit based on their Wisconsin adjusted gross income as a share of their federal adjusted gross income. This provision eliminates a circular reference in the statutes that makes it difficult for the above filers to claim the credit. The provision also eliminates the requirement that the credit be claimed on a tax year basis.
- (3) Specifies that a property owner who wishes to appeal the determination of the Board of Assessors must notify the Commissioner of Assessments of his or her intention to appeal within 15 days from the date that the Board of Assessors issued its determination. This provision provides a clear deadline for the notice of appeal in first class cities and in certain second class cities.
- (4) Eliminates the requirement that DOR audit the records of the contractor that provides vehicle emission inspections in southeastern Wisconsin. DOR does not typically audit the vendors that other state agencies do business with, except in the course of its normal, confidential tax audits.
- (5) Allows an individual who is the sole owner of a business to choose whether the individual or the entity would be considered the "employer" for withholding tax purposes. The IRS allows the owner of LLCs (limited liability companies) that have been disregarded for income tax purposes to elect to have the LLC be considered the employer for withholding tax purposes. Wisconsin law currently does not allow this flexibility, and it creates significant problems for businesses.
- (6) Authorizes DOR to reduce any taxes, costs, penalties, and interest that are due from a taxpayer, regardless of whether the taxes, costs, penalties, and interest are delinquent. Current law allows DOR to compromise on delinquent taxes, but not on taxes that are not delinquent.
- (7) Corrects an outdated reference to the sections of the Internal Revenue Code that relate to a spouse's tax liability for a joint income tax return.
- (8) Allows DOR to grant employers a 30-day extension for filing an annual withholding reconciliation report with DOR.
- (9) Clarifies that a qualified retirement fund for federal income tax purposes is a qualified retirement fund for state income tax purposes.
- (10) Requires a seller who receives a refund of sales or use taxes, or who collects sales or use taxes erroneously, to return the refund or taxes to the buyer, or to DOR if the buyer cannot be located, and establishes deadlines and penalties.
- (11) Stipulates that DOR may waive the interest imposed on any additional estate taxes that arise from the discovery of property, if due diligence was exercised in determining the assets.
- (12) Allows delivery of a tax-related document or payment through a delivery service that has been

approved by the Internal Revenue Service for federal tax purposes.

(13) Allows DOR to permit additional methods of paying taxes and signing and filing documents related to taxes on alternative fuels and tobacco products. These methods are currently permitted for other taxes.

(14) Provides that the due date for electronically filed returns is extended to April 30, if the federal government extends its due date for electronically filed returns to this date.

(15) Allows a person to appeal to the DOR's Tax Appeals Commission for redetermination of an earned income tax credit without paying the \$25 filing fee.

The Department expects to incur additional costs of \$17,820 for programming associated with provisions 6 and 14 above.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 05-2029/1	Introduction Number SB-218	
Subject		
Angel investment credit; property assessment notice; inspection contractor audits; withholding for disregarded entities		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):		
\$17,820 for programming for delinquent taxes and the extension of the electronic filing due date.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
<input type="checkbox"/> State Operations - Salaries and Fringes	\$	
<input type="checkbox"/> (FTE Position Changes)		
<input type="checkbox"/> State Operations - Other Costs		
<input type="checkbox"/> Local Assistance		
<input type="checkbox"/> Aids to Individuals or Organizations		
<input type="checkbox"/> TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
<input type="checkbox"/> GPR		
<input type="checkbox"/> FED		
<input type="checkbox"/> PRO/PRS		
<input type="checkbox"/> SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)		
	Increased Rev	Decreased Rev
<input type="checkbox"/> GPR Taxes	\$	\$
<input type="checkbox"/> GPR Earned		
<input type="checkbox"/> FED		
<input type="checkbox"/> PRO/PRS		
<input type="checkbox"/> SEG/SEG-S		
<input type="checkbox"/> TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		
Authorized Signature		Date
DOR/ Kirstin Nelson (608) 261-8984		Rebecca Boldt (608) 266-6785
		6/8/2005

Barman, Mike

From: LaBelle, Vicky
Sent: Thursday, June 09, 2005 9:14 AM
To: Olsen-Hasek, Sonya; Barman, Mike
Cc: Boldt, Rebecca A
Subject: RE: SB-218

I have inactivated the original request for this bill, and reassigned the bill to DOR for action.

DOR: You should proceed as if this were just assigned to you.

Vicky

From: Olsen-Hasek, Sonya
Sent: Wednesday, June 08, 2005 4:23 PM
To: Barman, Mike
Cc: LaBelle, Vicky; Boldt, Rebecca A
Subject: SB-218

Mike,

DOR has submitted an FE for this bill, along with a tech memo, that I forwarded to LRB today. It hasn't been made public yet. DOR wants to revise the FE, and I've forgotten if you can send it back to DOA to send back to DOR, or if they need to send in a revised FE. In any case, they do not want the current FE to be made public. Please advise.

Thanks and FYI, I also left this message with the person who answered LRB's phone a few minutes ago.

Sonya Olsen-Hasek
Department of Administration
266-8777

06/09/2005